

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 1999-374-C - ORDER NO. 2005-208
MAY 6, 2005

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| IN RE: | Application of XO Communications Services, |) | ORDER GRANTING |
| | Inc. for Approval of Alternative Regulation of its |) | MODIFIED |
| | Interexchange Business Services. |) | ALTERNATIVE |
| | |) | REGULATION |

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Application of XO Communications Services, Inc. (XO or the Company) for Alternative Regulation of its interexchange business type services. The Company seeks to have the Commission regulate these services in accordance with the principles and procedures established for relaxed regulation in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and as modified by Order No. 2001-997 in Docket No. 2000-407-C. XO is presently providing interexchange telecommunications services in the State of South Carolina pursuant to Commission Order Nos. 2000-0445 and 2000-0990 in Docket No. 1999-374-C and Order No. 2004-532 in Docket No. 2004-214-C.

XO, by its Application, requests that its interexchange services be regulated pursuant to the procedures described and set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. It is XO's intent by this request to have its long distance business services regulated in the same manner as this Commission has permitted for AT&T Communications of the Southern States. Specifically, XO requests to have its long distance business services, including consumer card services, operator services, with the exception of those operator services where the Commission reinstated maximum rates in

Order No. 2001-997, and private line service offerings tariffs not be required to indicate maximum rates. Moreover, XO requests that such tariff filings be presumed valid by the Commission upon receipt, with the understanding that the Commission has the right to establish an investigation of the tariff filings within seven (7) days.

We have examined the Application, and hold that the relief requested should be granted as filed with regard to XO's interexchange business services, consumer card services, operator services, and private line service offerings. The request for alternative regulation is a reasonable one, in that this system of regulation of certain interexchange services has proven to be useful and workable.

The Commission adopts a rate design for the interexchange business services of XO consistent with the principles and procedures established for alternative regulation of long distance business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C and modified by Order No. 2001-997. Following the modification of the alternative regulation by Commission Order No. 2001-997, this form of regulation is commonly referred to by the Commission, Staff, and others as "modified alternative regulation."

Under the Commission approved modified alternative regulation, the business service offerings of XO, including consumer card services, operator services and private line services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 issued in Docket No. 2000-407-C, this Commission modified the previously approved alternative regulation by the re-imposition of rate caps with regard to certain "operator-assisted calls" where a customer uses a local

exchange carrier's calling card to complete calls from locations which have not selected that local exchange carrier as the toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme known as modified alternative regulation, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to XO also.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

/s/
Randy Mitchell, Chairman

ATTEST:

/s/
G. O'Neal Hamilton, Vice-Chairman

(SEAL)